

Title I Capital Expenses Guidelines

When an LEA provides services to private school students, either directly or through a third party contractor, **it is likely to incur capital expense costs and is therefore entitled to receive Title I Capital Expense funds.**

Capital expense means only those expenditures for non-instructional goods and services that are incurred as a result of a school district's implementation of alternative delivery systems to comply with the requirements of the 1985 *Aguilar v. Felton* U.S. Supreme Court Decision. Capital expense costs include:

- the purchase, lease and renovation of real and personal property, including mobile educational units, and leasing of neutral sites or space;
- insurance and maintenance costs;
- transportation;
- other comparable goods and services (including non-instructional computer technicians); and
- mileage reimbursement for teacher travel from one site to another.

Although, on June 23, 1997, in *Agostini v. Felton*, the U.S. Supreme Court overruled its 1985 *Aguilar v. Felton* decision, allowing Title I instructional services to be provided in religiously affiliated private schools, LEAs may continue to provide these services outside of the private schools if, for example, there is no space available in the private schools or the LEA has incurred and cannot terminate contractual obligations for neutral space or mobile vans.

Capital Expense costs, whether incurred by the LEA or by a third party contractor, must be identified in the Capital Expense box on the *Title I Eligibility of Schools* form of the application (Appendix J, page 10). The LEA must apply for this amount in the Capital Expense application found in Appendix K. This figure should not be used for any calculations on this page. **Also, the attendance area allocation for private school students may not include capital expense costs.**

Federal regulations state that an SEA shall distribute Title I Capital Expense funds on the basis of an LEA's needs (information provided by the LEA in the LEA's application for capital expense funds). Any payment received by an LEA under this provision must be used to cover capital expenses the LEA will incur during the period September 1, 1999 through August 31, 2000 in order to maintain or increase the number of private school children to be served.

LEAs that are providing Title I services to eligible private school children during FY 1999-2000 and who incur capital expense costs may apply for these funds. In order to receive payments for capital expenses, the LEA must complete the attached application, found in Appendix K, and submit it to the county office of education. Please be reminded that LEAs are required to consult with representatives from the private schools for which capital expenses will be incurred prior to making any decisions, and that documentation of this consultation must be on file in the LEA. LEAs should include capital expense needs during the IASA consolidated application consultation period with private school officials.

Eligible LEAs must submit the original of the application to the county office of education and a copy to OGMD on or before June 30, 1999. The FY 1999-2000 Capital Expense Final Report must be submitted to the county office of education on or before November 1, 2000.

If the LEA has a need to revise the Capital Expense application because of a change in the capital expense needs, the LEA's Capital Expense application must be amended prior to July 1, 2000. The process for amending this application is located on page 77 of this document.

If an LEA has incurred capital expenses **prior to 1999-2000** and has not yet applied for a reimbursement for these expenses, the LEA should contact Mary Guess Flamer in the Office of Specialized Populations at (609) 633-6892. If there are any questions regarding the application for capital expense funds, please contact the Title I representative in the county office of education.